



## **Request for City Council Committee Action from the Neighborhood and Community Relations Department**

**Date:** September 24, 2013  
**To:** Council Member Betsy Hodges, Chair, Ways and Means Committee  
**Referral to:** City Council  
**Subject:** Authorization for NCR to Increase Contract C-36420 with Mike Wilson and Associates to Conduct Audit Services.

**Recommendation:** Provide authorization to NCR Director to increase amount of current contract C-36420 from \$50,000 to \$100,000.

**Previous Directives:** On November 1, 2012, NCR requested City Council approval to allow NCR to increase the amount of contracts for audit services with either the independent CPA, or the agreements with the Office of the State Auditor to greater than \$50,000, for a total up to \$125,000 for audit services.

### **Department Information**

Prepared by: Robert Thompson, Neighborhood and Community Relations Department

Approved by:

David Rubedor, Neighborhood and Community Relations Director \_\_\_\_\_

Paul Aasen, City Coordinator \_\_\_\_\_

Presenters in Committee: David Rubedor, Robert Thompson

### **Financial Impact**

Funding for audit services is already included in the NCR budget. No additional appropriation is necessary.

### **Community Impact**

Beginning in January 2012, the Neighborhood and Community Relations Department (NCR) assumed responsibility for continuing neighborhood audit services with Mike Wilson and Associates. Audit services include neighborhood organization audits, limited financial reviews, agreed upon procedures, and assistance with filing annual reporting forms. Audit services help to provide confidence that public funds allocated to neighborhood organizations are used appropriately and effectively.

### **Supporting Information**

In January 2013, NCR developed and published an audit schedule to inform neighborhood organizations about audits and other services that would be provided in 2013. The schedule included four complete audits, seven limited financial reviews, and 10 to 13 agreed upon procedures. The schedule also identified a schedule of anticipated filings of Federal 990 forms and Annual Reports to the Minnesota Attorney General.

During the year, NCR found it necessary to provide additional audit services to neighborhood organizations for a number of reasons, including a lawsuit against a neighborhood organization involving audit requirements, separation of a fiscal agent and its sponsored neighborhood organization, and disputed audit findings remaining from an incomplete NRP audit from 2010. Additionally, because of limited availability of the Office of the State Auditors, more work was required of Mike Wilson and Associates.

NCR staff met with the Permanent Review Committee (PRC) on September 12, 2013 to review the proposed contract amendment. In addition to recommending increasing the contract amount and extending the time of performance to March 31, 2013, the PRC recommended that NCR staff:

1. Develop an RFP for selecting qualified firms providing audit services to serve on a panel;
2. Develop three-year agreements with selected audit firms.

NCR staff agree with the PRC's recommendations, and will work with the PRC to create a panel of auditors in the first quarter of 2014.